

210

NEW NUMBER

ELIAS C ALVORD (1942)
ELLSWORTH C ALVORD (1964)

ROBERT W ALVORD*
CARL C DAVIS*
CHARLES T KAPPLER
JOHN H DOYLE*
GEORGE JOHN KETO*
MILTON C GRACE*
JAMES C MARTIN JR*

*NOT A MEMBER OF D C BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLAND

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N W

WASHINGTON, D.C.

20006-2973

1 5199

APR 1 1987 4:30 PM

INTERSTATE COMMERCE COMMISSION

OF COUNSEL
JESS LARSON
JOHN L INGOLDSBY
URBAN A LESTER

HOME ADDRESS
ALVORD

TELEPHONE
AREA CODE 202
393-2266

TELEX
440367 A AND A

April 1, 1987

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Ms. McGee:

No.

Date APR 1 1987

10.00

ICC Washington, D C.

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APR 1 4 17 PM '87
MOTOR OPERATING UNIT
ICC OFFICE OF
THE SECRETARY

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303 are two fully executed copies of a Business Security Agreement dated March 27, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Dubuque/Keystone Clipper, Inc.
522 Excelsior Lane
Waterloo, Iowa 50701

Secured Party: First National Bank of Dubuque
Dubuque, Iowa 52001

A description of the railroad equipment covered by the enclosed document is set forth in Exhibit A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

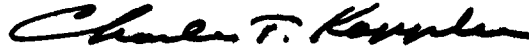
C. T. Kappler
Charles T. Kappler

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Page Two

A short summary of the enclosed primary document to
appear in the Commission's Index is:

Business Security Agreement dated March 27, 1987
between Dubuque/Keystone Clipper, Inc., Debtor,
and First National Bank of Dubuque, Secured
Party covering ten (10) coach cars bearing AM 1901-
1907, 5412, 5431 and 6016 and one (1) power car
bearing AM 1900.

Very truly yours,


Charles T. Kappler

Enclosures

EXHIBIT "A"

BUSINESS SECURITY AGREEMENT

RAIL VEHICLES - ELEVEN (11) TOTAL

QUANTITY	DESCRIPTION	AMTRACK	PENN R. R.	PENN CENTRAL
1	Coach	AM 5412		
1	Coach	AM 5431		
1	Coach	AM 6016		
1	Power Car	1900	9600	3500
1	Coach	1901	9601	3501
1	Coach	1902	9602	3502
1	Coach	1903	9603	3503
1	Coach	1904	9604	3504
1	Coach	1905	9605	3505
1	Coach	1906	9606	3506
1	Coach	1907	9607	3507

Interstate Commerce Commission

Washington, D.C. 20423

4/2/87

OFFICE OF THE SECRETARY

Charles T. Kappler, Esq.
Alvord & Alvord
918 16th St. N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/1/87 at 4:30pm, and assigned re-recording number(s). 15199-

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

6. INVENTORY — If this Agreement includes inventory, then Debtor hereby represents and agrees that:

(b) If at any given time while any indebtedness secured hereby remains unpaid, the value of Collateral (as determined in the sole discretion of the Bank) does not equal or exceed the total amount of indebtedness of Debtor to Bank, Debtor shall, in the sole discretion of Bank, at once pay the excess of any indebtedness to Bank or transfer additional Collateral to Bank in an amount satisfactory to Bank.

7. ACCOUNTS & CHATTEL PAPER — If accounts and/or chattel paper are collateral, Debtor represents and agrees that:

(b) Debtor hereby authorized Bank to give notice to Debtor's account and chattel paper debtors to pay all amounts due on the accounts and chattel paper directly to Bank, which notice may be given in Debtor's or Bank's name.

(c) Debtor hereby irrevocably appoints Bank its true and lawful attorney, with power of substitution, to take control in any manner of any cash or non-cash items received in payment on the Collateral; to receive, open and dispose of all mail addressed to the Debtor; to endorse the name of Debtor upon any notes, acceptances, checks, drafts, money orders, bills of lading, freight bills, chattel paper or other evidences of payment that may come into Bank's possession; to sign Debtor's name on any invoice relating to any account, on drafts against account and chattel paper debtors and notices to account and chattel paper debtors; to sign Debtor's name on any proof of claim in bankruptcy against account and chattel paper debtors; and to do all other acts and things necessary in Bank's sole judgement to carry out the terms of this Agreement.

(d) All payments received by Bank upon the accounts and chattel paper shall be, at Bank's option, deposited in a special account at Bank styled "Collateral Account." Funds in said account shall be subject to Bank's security interest granted herein to secure any indebtedness of Debtor to Bank, and shall be applied by Bank first towards the payment of costs, charges and expenses, if any, incurred in the collection of the funds and then towards the payment of Debtor's indebtedness to Bank.

(e) Each account and chattel paper constituting Collateral arose from the performance of services by the Debtor or from a bona fide sale or lease of goods, which have been delivered to the account or chattel paper debtor. Chattel paper constituting Collateral evidences a properly perfected first security interest in the goods covered by it, free from all other encumbrances and security interests. Each account and chattel paper constituting Collateral is genuine and enforceable against the account or chattel paper debtor according to its terms.

8. ADDITIONAL WARRANTIES & COVENANTS OF DEBTOR — So long as any indebtedness secured hereby remains unpaid, Debtor:

(a) will defend the Collateral against the claims and demands of all other parties; will keep the Collateral free from all security interests or other encumbrances, except as specified herein; and will not sell, transfer, assign, deliver or otherwise dispose of any Collateral or any interest therein without the prior written consent of Bank except that, until the occurrence of an event of default as herein provided, Debtor may sell or lease inventory in the ordinary course of Debtor's business; will not store any Collateral in warehouse facilities or otherwise without prior written consent of Bank and the form of warehouse receipt proposed to be issued upon such storage shall be provided the Bank for review prior to completion of the transaction, and any negotiable or non-negotiable warehouse receipts so issued upon approval of Bank shall be delivered to Bank.

(b) will keep, in accordance with generally accepted accounting principles consistently applied, accurate and complete records concerning the Collateral; and will permit Bank or its agents from time to time to inspect the Collateral and to audit and make extracts from such records or any of Debtor's books, ledgers, reports, correspondence and other records;

(c) will notify Bank in writing prior to any change in Debtor's address specified herein, and prior to any change in Debtor's name, identity or legal structure;

(d) in connection herewith, will execute and deliver to Bank such financing statements or other documents, pay all costs of title searches and filing financing statements and other documents in all public offices requested by Bank, and do such other things with respect to the Collateral, as Bank may request.

(e) will pay or cause to be paid all taxes, assessments and other charges of every nature which may be levied or assessed against the Collateral; will insure or cause to be insured the Collateral against risks, and in coverage, form and amount satisfactory to Bank with the Bank named as an insured on such policies; and at Bank's request, will deliver or cause each policy or certificate of insurance thereof to be delivered to Bank;

(f) will take good care of the Collateral and will maintain the Collateral in good condition and repair and not permit its value to be impaired, and will immediately give Bank written notice of any loss of, or damage to, any of the Collateral;

(g) will not make any material change in the Collateral nor use

For valuable consideration, receipt of which is hereby acknowledged, the undersigned does hereby sell, assign, and transfer to _____

this agreement and the debt instruments secured hereby with _____ recourse.

Date this _____ day of _____, 19____

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(h) upon demand, will deliver to Bank any documents of title and any chattel paper representing or relating to the Collateral or any part thereof, any schedules, invoices, shipping or delivery receipts, purchase orders, contracts and other documents representing or relating to purchases or other acquisitions or sales, leases or other dispositions of Collateral and proceeds thereof, and any and all other schedules, documents and statements which Bank may from time to time request.

9. PROCEEDS — Debtor may sell or lease from time to time any of the Collateral held for sale or lease in the regular course of Debtor's business. Upon demand by the Bank, Debtor shall segregate all proceeds from any such sale or lease, separate and apart from Debtor's funds, which proceeds shall be in trust and for the exclusive use of the Bank. Upon such demand, all of such sales, or leases shall be reported to Bank and the proceeds therefrom shall be transmitted to Bank not later than the day following receipt of such proceeds. Said proceeds when received by Bank shall be applied on the principal and interest of the obligations secured hereby. Other than a sale or lease of inventory in the regular course of Debtor's business, Debtor is not authorized to sell or lease any of the Collateral described herein.

10. **INSURANCE AND TAXES** — In the event the Debtor shall fail to provide adequate insurance, pay taxes, or perform any other duty set forth herein, Bank may, without notice, at its option, but without any obligation or liability to do so, procure insurance, pay taxes or perform any other duty set forth herein and add said sum to the balance of the obligations herein secured. Debtor hereby appoints the Bank the agent and attorney for the Debtor in adjusting and cancelling such insurance and endorsing settlement drafts.

11. **SUCCESSORS AND ASSIGNS** — The rights and privileges of Bank under this Agreement shall inure to the benefit of its successors and assigns. All covenants, representations, warranties and agreements of Debtor contained in this Agreement are joint and several if Debtor is more than one and shall bind Debtor's personal representatives, heirs, successors and assigns.

12. NON-WAIVER, EXTENSIONS, ETC. — Any extension of time for payment of any installment of any of the Debtor's obligations or the acceptance of only a part of such installment, or the failure of Bank to enforce the strict performance of any covenant, promise or condition herein contained (or in any other note, obligation or agreement) on the part of the Debtor to be performed, shall not operate as a waiver of the right of Bank thereafter to require that the Debtor's obligations and the terms herein be strictly performed according to the tenor thereof and hereof. No party to this Agreement shall be discharged from liability to the Bank by reason of the Bank's extending the time for payment of an installment or installments owing or due upon any such obligation, or by reason of the Bank's waiver or modification of any terms of this Agreement. All parties hereto severally waive presentment for payment, notice of non-payment, protest, notice of protest and diligence in bringing suit against any party. All Debtors agree that Bank may, without thereby releasing any Debtor, substitute, release, alter or make any other disposition of any Collateral and further agree that Bank is not required to first resort for payment to any such Collateral. Debtor grants Bank, as further security for the obligations secured hereby, a security interest and lien in any credit balance (and other money) now or hereafter owed Debtor by Bank or any assignee of Bank and, in addition, agrees that Bank may, without prior notice or demand, setoff against any such credit balance (or other money) any amount owing upon the obligations secured hereby. No waiver of any provision of this Agreement shall be effective unless in writing and signed by Bank.

13. REMEDIES — Upon default as provided in paragraph 4, Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code of Iowa and under any other applicable laws. Any requirements of reasonable notice by either party to the other or to any guarantors or sureties of Debtor shall be met if such notice is mailed, postage prepaid, to the address of the parties shown on the first page of this Agreement (or to such other mailing address as either party in writing later furnishes to the other) at least ten calendar days (counting the day of sending) before the time of the event or contemplated action set forth in said notice. Debtor agrees to pay all expenses of retaking, holding, preparing for sale, selling and attorney's fees and legal expenses as may be allowed by law and incurred by Bank in enforcing its rights under this Agreement. Debtor hereby authorizes the Bank, its agents or assigns, to enter upon the premises of the Debtor at any reasonable time, and whether or not in default, to inspect the Collateral; and if in default to possess, or attempt to possess, said Collateral and to assert or attempt to assert the rights of the Bank under any of the terms and provisions of this Agreement. Debtor waives all rights and claims for trespass or conversion and damages in any manner hereby caused by Bank, its agents or assigns. All exemptions in and to any of the Collateral are hereby waived. The rights and remedies herein conferred upon the Bank shall be cumulative and not alternative and shall be in addition to and not in substitution of or in derogation of rights and remedies conferred by the Uniform Commercial Code of Iowa, and other applicable laws.

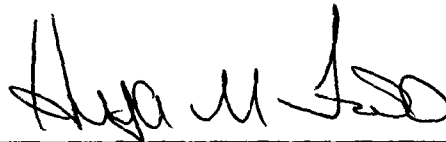
14. CONSTRUCTION — Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine, or neuter gender according to the context. The paragraph headings of this Agreement are for convenience only and shall not limit the terms of this Agreement. The validity, construction and enforcement of this Agreement shall be determined and governed by the laws of Iowa. All terms not otherwise defined shall have the meaning assigned to them by the Uniform Commercial Code of Iowa. If any provisions of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

By

Secured Party

State of Iowa
County of Dubuque

On this 27th day of March, 1987, before me
personally appeared Marjorie L. Haley
to me personally known, who being by me duly sworn,
says that she is the President of Dubuque/Keystone
Clipper Inc., that said instrument was signed on
behalf of said corporation by authority of its Board
of Directors, and she acknowledged that the execution
of the foregoing instrument was the free act and deed
of said corporation.



My commission expires 9-28-89

EXHIBIT "A"
BUSINESS SECURITY AGREEMENT

RAIL VEHICLES - ELEVEN (11) TOTAL

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